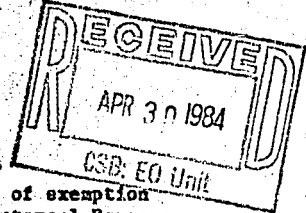


PROTEST RECEIVED
Release copies to District

Date 11-18-83

Surname [REDACTED]

19 OCT 1983



Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(9) of the Internal Revenue Code.

The information you have submitted shows that you were formed [REDACTED] to provide life, accident, sickness, dental, medical care, surgical and hospitalization benefits to employees of your members and to employees of the [REDACTED] (Association). Participating employers must be active or associate members of the Association. The Association is similar to a chamber of commerce in that employer members are engaged in many different types of trades and businesses. Section 2 of Article IX of your trust agreement permits the distribution of assets to participating employers in the event of termination of the trust.

Section 501(c)(9) of the Code provides for the exemption of voluntary employees' beneficiary associations providing for the payment of life, sick, accident or other benefits to the members of the association or to their dependants or designated beneficiaries, if no part of the net earnings of the association inures (other than through such payments) to the benefit of any private shareholder or individual.

Section 1.501(c)(9)-1 of the Income Tax Regulations provides that for an organization to be described in section 501(c)(9), it must be an employees' association; membership in the association must be voluntary; the organization must provide for the payment of life, sick, accident, or other benefits to its members; and there can be no inurement (other than by payment of permitted benefits) to the benefit of any private shareholder or individual.

Section 1.501(c)(9)-2(a) of the Income Tax Regulations provides that membership of an organization described in section 501(c)(9) must consist of individuals who become entitled to participate by reason of their being employees and whose eligibility for membership is defined by reference to objective standards that constitute an employment-related common bond among such individuals. Several examples are given,

including employees of one or more employers engaged in the same line of business in the same geographic locale.

Section 1.501(c)(9)-4(a) of the regulations provides that the existence of prohibited inurement is a question to be determined with regard to all of the facts and circumstances.

Section 1.501(c)(9)-4(d) of the regulations provides that an organization is not described in section 501(c)(9) if, upon termination, its assets may be distributed to participating employers.

Your members are employees of many different employers engaged in many different types of trades and businesses. You have presented no evidence to show that any of the common bonds described in section 1.501(c)(9)-2(a) of the regulations exist among your members. Therefore, your organization is not an association of employees within the meaning of section 501(c)(9) of the Code.

Furthermore, your trust agreement permits the distribution of assets to member employers upon termination of the trust. This is inurement, as described in section 1.501(c)(9)-4(d) of the regulations.

Based upon the above, we rule that you are not an organization described in section 501(c)(9) of the Internal Revenue Code. You are required to file federal income tax returns.

You have the right to protest this action if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your principal officers, must be submitted in duplicate within 21 days from the date of this letter.

You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your principal officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practice requirements.

If we do not hear from you within 21 days, this ruling will become final, and copies will be forwarded to the District Director, Chicago, which is your key district director for exempt organization matters. Thereafter, any questions about your federal income tax status or the filing of tax returns should be addressed to that office.

[REDACTED]

Further correspondence with respect to this application should be sent to the following address:

Internal Revenue Service
1111 Constitution Avenue, S.W.
Washington, DC 20224
Attn: [REDACTED]

Sincerely yours,
(Signed) [REDACTED]

[REDACTED]
Chief, Rulings Section
Exempt Organizations
Technical Branch

cc: DD, Chicago
Attn: EO Group
[REDACTED]